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## BUSINESS

# Harris Boosts Stake in Glencore

Investment fund now holds 4.5% of mining company, making it one of its largest investors



CEO Ivan Glasenberg, shown in a June photo, has said Glencore's trading operations would buoy it from the ups and downs of the mining industry's commodities cycle. *PHOTO: BLOOMBERG NEWS*

By ALEX MACDONALD

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LONDON—U.S. investment fund Harris Associates LP said it boosted its stake in Glencore PLC to 4.5%, making it one of the mining and trading firm's biggest investors as it bets on a rebound in a stock that has tumbled more than 40% this year.

The move boosts Harris's position in the Anglo-Swiss company from 1.53% at the end of June, and 0.77% at the end of last year, according to FactSet.

Shares in Glencore have swooned amid a global commodities-price rout that pushed oil, copper and a host of other resources to multiyear lows. Even with a diverse set of assets across the metals spectrum, and a powerful trading arm, the world's third-largest publicly traded mining company by market value, has lagged behind its other big peers as investors have weighed its large debt.

While at times Harris has pushed for change at companies in which it invests, more recently it has tended to take passive stakes. Harris's 4.5% stake is valued at about \$1.6 billion, based on Glencore's closing share price Tuesday.

A person familiar with the matter said Glencore Chief Executive Ivan Glasenberg has held talks with Harris about its investment in the mining company, without characterizing those discussions. The investment makes Harris Glencore's fourth-biggest shareholder, behind sovereign-wealth fund Qatar Holding LLC, Mr. Glasenberg himself and BlackRock Inc.

The disclosure comes just ahead of Glencore's half-year earnings Wednesday. Analysts expect it to report sharply lower half-year net profit. Prices for most of the commodities Glencore produces and trades, particularly copper and coal, have fallen significantly.

While shares finished up 3.6% Tuesday in London, they are down 41% since the start of the year, at 176.10 pence (\$2.74) as of Tuesday's close. That is a much sharper fall for the year than competitors like BHP Billiton Ltd. and Rio Tinto PLC, the world's No. 1 and No. 2 miners by market capitalization, respectively.

Stock in the Baar, Switzerland-based company has fallen more than 60% since its initial public offering in 2011. Glencore shares hit a record low Monday.

Shortly after the IPO, Mr. Glasenberg orchestrated a \$29.5 billion merger with mining giant Xstrata. Mr. Glasenberg has said Glencore's trading operations would buoy it from the ups and downs of the mining industry's commodities cycle. As recently as last year, Mr. Glasenberg was scouting for new conquests: Last October, Rio Tinto disclosed it had rejected an approach over the summer by Mr. Glasenberg about a merger.

But amid the current commodities-price bust, Glencore has been forced to write down about \$7.6 billion on its Xstrata deal. Last week, it said it would take a further \$790-million write down on its roughly \$1.5-billion purchase of a Chad-focused oil company that it bought last year.

Harris, which manages more than \$100 billion, calls itself a “value investor” that looks for companies that are trading at a significant discount. A company spokeswoman said the fund doesn’t consider itself to be an activist investor.

Still, the fund has assumed an activist role in the past. David Herro, currently a chief investment officer at the firm, was credited in 1994 with ousting Maurice and Charles Saatchi from the advertising agency the two founded, Saatchi & Saatchi. The business later split into Saatchi & Saatchi and Cordiant Communications, where Mr. Herro also lobbied for management change. Saatchi & Saatchi was eventually sold to Publicis Groupe SA, while Cordiant was sold to WPP PLC.

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